MEMORANDUM OF UNDERSTANDING

BETWEEN

THE DEPARTMENT OF DEFENSE

OF THE UNITED STATES OF AMERICA

AND

THE SECRETARY OF STATE FOR DEFENCE OF

THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

CONCERNING

COOPERATIVE OUTBOARD LOGISTICS UPDATE (COBLU) IN-SERVICE AND LIFE CYCLE SUPPORT (ILCS)

(Short Title - COBLU ILCS MOU)

Certified to be a true copy:

Patricia Doll
International Agreements Negotiator
Navy International Programs Office

TABLE OF CONTENTS

INTRODUCTION 4
SECTION I
DEFINITIONS 5
SECTION II
OBJECTIVES 10
SECTION III
SCOPE OF WORK 11
SECTION IV
MANAGEMENT (ORGANIZATION AND RESPONSIBILITY) 13
SECTION V
FINANCIAL PROVISIONS 18
SECTION VI
CONTRACTING PROVISIONS 21
SECTION VII
PROJECT EQUIPMENT 24
SECTION VIII
DISCLOSURE AND USE OF PROJECT INFORMATION 26
SECTION IX
CONTROLLED UNCLASSIFIED INFORMATION 35
SECTION X
VISITS TO ESTABLISHMENTS 37
SECTION XI
SECURITY 38
SECTION XII
THIRD PARTY SALES AND TRANSFERS 41
SECTION XIII
LIABILITY AND CLAIMS 43
SECTION XIV
PARTICIPATION OF ADDITIONAL NATIONS 44
SECTION XV
CUSTOMS DUTIES, TAXES, AND SIMILAR CHARGES 45

SECTION XVI

SETTLEMENT OF DISPUTES 46

SECTION XVII

AMENDMENT, TERMINATION, ENTRY INTO EFFECT, AND DURATION 47

ANNEX A

COOPERATIVE PROJECT PERSONNEL 50

INTRODUCTION

The Department of Defense of the United States of America (U.S. DoD) and the Secretary of State for Defence of the United Kingdom of Great Britain and Northern Ireland (U.K. MOD), hereinafter referred to as the "Participants":

Recognizing the Agreement Concerning Defense Cooperation Arrangements of May 27, 1993 between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland, as amended by the Exchange of Notes between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland of June 1, 2007, applies to this MOU;

Having a common interest in defense;

Recognizing the benefits to be obtained from standardization, rationalization, and interoperability of military equipment;

Desiring to improve their mutual conventional defense capabilities through the application of emerging technology;

Recognizing the Participants' cooperation under the Memorandum of Understanding (MOU) between the Secretary of Defense on behalf of the Department of Defense of the United States of America and the Secretary of State for Defence of the United Kingdom of Great Britain and Northern Ireland concerning the Cooperative Outboard Logistics Update (COBLU) (AN/SSQ-108-V()) Project of July 1, 1994, as amended (hereinafter referred to as the "COBLU Project MOU");

Having a mutual need for in-service and life cycle system support of the COBLU System to satisfy common operational requirements; and

Recognizing the benefits of further cooperation regarding the COBLU System and seeking to capitalize on the lessons learned from their previous experience under the COBLU Project MOU;

Have reached the following understandings:

SECTION I

DEFINITIONS

The Participants have jointly decided upon the following definitions of terms used in this MOU:

Baseline Improvements	Modifications to the COBLU System baseline to mitigate obsolescence due to the rapid advance of commercial-off-the-shelf hardware and other non-developmental items and maintain interoperability.
Classified Information	Official Information that requires protection in the interests of national security and is so designated by the application of a security classification marking. This Information may be in oral, visual, magnetic, or documentary form or in the form of equipment or technology.
COBLU System	A threat signal analysis system that was the subject of cooperative engineering and manufacturing development, production, and upgrades under the COBLU Project MOU. This system provides the Participants' surface ships with a real-time passive cryptologic capacity to detect, locate, and track hostile units at over-the-horizon ranges by exploiting their communication signals.
Contract	Any mutually binding legal relationship under national laws that obligates a Contractor to furnish supplies or services, and obligates one or both of the Participants to pay for them.
Contracting	The obtaining of supplies or services by Contract from sources outside the governmental organizations of the Participants. Contracting includes description (but not determination) of supplies and services required, solicitation and selection of sources, preparation and award of Contracts, and all phases of Contract administration.

Contracting Agency	The entity within the governmental organization of a Participant that has authority to enter into, administer, or terminate Contracts.
Contracting Officer	A person representing a Contracting Agency of a Participant who has the authority to enter into, administer, or terminate Contracts.
Contractor	Any entity awarded a Contract by a Participant's Contracting Agency.
Contractor Support Personnel	Persons specifically identified as providing administrative, managerial, scientific, or technical support services to a Participant under a support Contract.
Controlled Unclassified Information	Unclassified Information to which access or distribution limitations have been applied in accordance with applicable national laws or regulations. It could include Information that has been declassified but remains controlled.
Cooperative Project Personnel (CPP)	Military members or civilian employees of a Parent Participant assigned to the Joint Program Office (JPO) who perform managerial, engineering, technical, administrative, Contracting, logistics, financial, planning, or other functions in furtherance of the Project.
Defense Purposes	Manufacture or other use in any part of the world by or for the armed forces of either Participant.
Designated Security Authority (DSA)	The security authority designated by national authorities to be responsible for the coordination and implementation of national industrial security aspects of this Project.
Financial Costs	Project costs met with monetary contributions.

Financial Cost Ceiling	The maximum amount of shared Financial Costs that may be dedicated to the Project without the prior written approval of the Participants.
Host Participant	The Participant whose nation serves as the location of the JPO.
Information	Knowledge that can be communicated by any means, regardless of form or type, including, but not limited to, that of a scientific, technical, business, or financial nature, and also including photographs, reports, manuals, threat data, experimental data, test data, computer software, designs, specifications, processes, techniques, inventions, drawings, technical writings, sound recordings, pictorial representations, and other graphical presentations, whether in magnetic tape, computer memory, or any other form and whether or not subject to Intellectual Property rights.
Intellectual Property	In accordance with the World Trade Organization Agreement on Trade-related Aspects of Intellectual Property Rights of April 15,1994, all copyright and related rights, all rights in relation to inventions (including Patent rights), all rights in registered and unregistered trademarks (including service marks), registered and unregistered designs, undisclosed Information (including trade secrets and know-how), layout designs of integrated circuits, and geographical indications, and any other rights resulting from creative activity in the industrial, scientific, literary, and artistic fields.
Joint Project Office (JPO)	The office established to manage the Project.
Non-financial Costs	Project costs met with non-monetary contributions.

Parent Participant	The Participant that sends its CPP to the JPO located in the nation of the other Participant.
Participant	A signatory to this MOU represented by its military or civilian personnel. Contractors and Contractor Support Personnel will not be representatives of a Participant under this MOU.
Patent	Grant by any government or a regional office acting for more than one government of the right to exclude others from making, using, importing, selling, or offering to sell an invention. The term refers to any and all patents including, but not limited to, patents of implementation, improvement, or addition, petty patents, utility models, appearance design patents, registered designs, and inventor certificates or like statutory protection, as well as divisions, reissues, continuations, renewals, and extensions of any of these.
Project	The cooperative efforts of the Participants under this MOU to achieve the objectives in Section II (Objectives) and accomplish the work in Section III (Scope of Work).
Project Background Information	Information not generated in the performance of the Project.
Project Direction for Contracts (PDC)	Project management direction (contained in a Project Plan) developed and approved in accordance with Section IV (Management (Organization and Responsibility)) of this MOU, which is implemented through the award or modification of Contracts. The Project Direction for Contracts (PDC) contains provisions that address the Participants' interests regarding technical requirements, Project objectives, and Contracting strategies. These PDC provisions provide the Information necessary for the Contracting Agency to conduct procurements and negotiate and award Contracts and Contract modifications that achieve Project

	objectives.
Project Equipment	Any material, equipment, end item, subsystem, component, special tooling, or test equipment jointly acquired or provided for use in the Project.
Project Foreground Information	Information generated in the performance of the Project.
Project Information	Any Information provided to, generated in, or used in the Project.
Project Invention	Any invention in any field of technology, provided it is new, involves an inventive step, is capable of industrial application, and is formulated or made (conceived or "first actually reduced to practice") in the course of work performed under a Project. The term "first actually reduced to practice" means the first demonstration, sufficient to establish to one skilled in the art to which the invention pertains, of the operability of an invention for its intended purpose and in its intended environment.
Project Plan	A plan developed by the Project Manager that provides a description of the Project's delivery requirements and milestones.
Prospective Contractor	Any entity that seeks to enter into a Contract to be awarded by a Participant's Contracting Agency and that, in the case of a solicitation involving the release of export-controlled Information, is eligible to receive such Information.
Third Party	A government other than the Government of a Participant and any person or other entity whose government is not the Government of a Participant.

SECTION II

OBJECTIVES

2.1. The objectives of the Project are:

2.1.1. To provide in-service and life cycle support to sustain the COBLU System on the Participants' surface ships through the remaining service life of the COBLU System.

2.1.2. To mitigate obsolescence through Baseline Improvements to the Participants' COBLU Systems.

SECTION III

SCOPE OF WORK

3.1. The overall work to be carried out under this MOU includes the following efforts to achieve the objectives set out in paragraph 2.1. of Section II (Objectives) of this MOU:

3.1.1. Identification, isolation, and resolution of problems or errors associated with the COBLU System software. These efforts will also include changes to COBLU System software required to maintain a current up-to-date baseline.

3.1.2. Analysis and correction of common design-related hardware problems for COBLU Systems and support equipment.

3.1.3. Identification of changes to support and test equipment necessitated by the Baseline Improvements for the COBLU System and planning for the implementation of those changes.

3.1.4. Revision of training documentation, related software, and training support equipment, as necessitated by changes to the COBLU System baseline.

3.1.5. Management and planning for changes to the configuration of the COBLU System baseline that occur due to Baseline Improvements.

3.1.6. Revision to the methods for packaging, handling, storage, and transportation of COBLU Systems and support equipment, as necessitated by changes to the COBLU System baseline.

3.1.7. Life cycle system obsolescence analysis in support of all in-service U.S. and U.K. COBLU Systems, including identification of requirements for improving the COBLU System baseline to mitigate obsolescence and maintain interoperability and the creation of solutions for Baseline Improvements. Upon completion of solutions for Baseline Improvements, existing COBLU Systems will be retrofitted as determined by the Steering Committee (SC). This effort

includes identification and update of system maintenance systems or processes.

3.1.8. Provision of items and services intended for the individual Participants' in-service and life cycle support requirements for their national COBLU Systems. This effort includes, but is not limited to, the following:

3.1.8.1. Software technical support, including help desk support for unique surface ship or site-specific installation and testing of COBLU System software.

3.1.8.2. COBLU System hardware maintenance and repair support, including replacement of spares, repair of repairables, and help desk support for hardware problems occurring on the Participants' surface ships or shore-based installations.

3.1.8.3. Maintenance and repair support of support equipment, including help desk support, replacement of spares, and repair of repairables.

3.1.8.4. Training and training support, including training manuals and training documentation.

3.1.8.5. Maintenance planning efforts that are specific or peculiar to a Participant's maintenance systems or processes.

3.1.8.6. Efforts necessary for maintaining revised configurations within a Participant's COBLU Systems.

3.1.8.7. Packaging, handling, storage, and transportation for COBLU Systems, spares, repairables, and support equipment.

3.1.8.8. Systems engineering, installation, and troubleshooting relating to Baseline Improvements.

SECTION IV

MANAGEMENT (ORGANIZATION AND RESPONSIBILITY)

4.1. This Project will be directed and administered on behalf of the Participants by an organization consisting of an SC and a Joint Program Office(JPO) headed by a Project Manager (PM). The SC will have overall authority over the PM, in accordance with this MOU. The PM will have primary responsibility for effective implementation, efficient management, and direction of the Project in accordance with this MOU.

4.2. The SC will consist of a representative designated by each Participant. The SC will meet annually, unless otherwise determined by the SC representatives. The SC may also decide to conduct business in a virtual forum via e-mail, teleconference, or videoconference. Each meeting of the SC, whether conducted in person, by teleconference, or by videoconference, will be chaired by the representative of the Participant hosting or arranging the meeting. Decisions of the SC will be made unanimously. In the event that the SC is unable to reach a timely decision on an issue, each SC representative will refer the issue to its higher authority for resolution. The approved Project Plan will continue to be implemented without interruption under the direction of the PM while the issue is being resolved by higher authority.

4.3. The SC will be responsible for:

4.3.1. Exercising executive-level oversight of the Project.

4.3.2. Reviewing progress towards accomplishing Section II (Objectives) and Section III (Scope of Work) of this MOU.

4.3.3. Approving the Project Plan submitted by the PM in accordance with subparagraph 4.6.2. of this Section, and any revisions thereto, and reviewing the technical progress of the Project against the Project Plan. The Project Plan will include, but not be limited to, the following elements:

4.3.3.1. Detailed scope of work and corresponding work schedule, as appropriate.

4.3.3.2. References to applicable acquisition approval processes and documents.

4.3.3.3. Project Direction for Contracts (PDC) submitted by the PM in accordance with subparagraph 4.6.3. of this Section, and any revisions thereto.

4.3.4. Approving the Financial Management Procedures Document (FMPD) in accordance with paragraph 5.8. of Section V (Financial Provisions) of this MOU, and any revisions thereto.

4.3.5. Reviewing the financial status of the Project to ensure compliance with the provisions of Section V (Financial Provisions) of this MOU.

4.3.6. Resolving issues brought forth by the PM.

4.3.7. Reviewing and forwarding to the Participants for approval recommended amendments to this MOU in accordance with Section XVII (Amendment, Termination, Entry into Effect, and Duration) of this MOU.

4.3.8. Approving plans to manage and control the transfer of Project Equipment provided by either Participant to support the execution of the Project in accordance with Section VII (Project Equipment) of this MOU.

4.3.9. Approving plans for the disposal of jointly acquired Project Equipment under this MOU in accordance with Section VII (Project Equipment) of this MOU.

4.3.10. Maintaining oversight of the security aspects of the Project, including reviewing and obtaining approval from the appropriate Designated Security Authority of a Project Security Instruction (PSI) prior to the transfer of Classified Information or Controlled Unclassified Information.

4.3.11. Employing its best efforts to resolve, in consultation with the export control authorities of the Participant concerned, any export control issues raised by the PM in accordance with subparagraph 4.6.13. of this Section or raised by a Participant's SC representative in accordance with subparagraph 8.1.2.4. of Section VIII (Disclosure and Use of Project Information) of this MOU.

4.3.12. Providing recommendations to the Participants for the addition of new Participants in accordance with Section XIV (Participation of Additional Nations) of this MOU.

4.3.13. Monitoring Third Party sales and transfers authorized in accordance with Section XII (Third Party Sales and Transfers) of this MOU.

4.3.14. Reviewing the annual status report submitted by the PM.

4.4. The JPO will be established in the United States to manage the Project. The U.S Department of the Navy (DON) will appoint the PM, who as head of the JPO, will be responsible for implementing this MOU and for day-to-day management of the Project.

4.5. The U.K. MOD will provide national representation to the JPO by appointing a Deputy PM (DPM). The DPM will report to the PM heading the JPO.

4.6. The PM will be responsible for:

4.6.1. Managing the cost, schedule, performance requirements, technical, security, and financial aspects of the Project described in this MOU.

4.6.2. Developing a Project Plan, and any necessary revisions thereto, as described in subparagraph 4.3.3. of this Section; submitting the Project Plan for SC approval; and implementing the plan and any revisions upon SC approval.

4.6.3. In consultation with the DPM and the responsible Contracting Officer, developing and submitting

for SC approval a PDC and any necessary updates thereto that will be used by the Contracting Agency, as appropriate, to develop Contracting strategies, requests for proposals, Contracts, and Contract modifications.

4.6.4. Providing the PDC, as approved in accordance with subparagraph 4.3.3. of this Section, to the responsible Contracting Officer for implementation.

4.6.5. Preparing and submitting to the SC for approval an FMPD in accordance with paragraph 5.8. of Section V (Financial Provisions) of this MOU and any revisions thereto.

4.6.6. Executing the financial aspects of the Project in accordance with Section V (Financial Provisions) of this MOU.

4.6.7. Referring issues to the SC that cannot be resolved by the PM.

4.6.8. Developing and recommending amendments to this MOU to the SC.

4.6.9. Developing and implementing SC-approved plans to manage and control the transfer of Project Equipment provided by either Participant in accordance with Section VII (Project Equipment) of this MOU.

4.6.10. Developing and implementing SC-approved plans for the disposal of jointly acquired Project Equipment under this MOU in accordance with Section VII (Project Equipment) of this MOU.

4.6.11. Developing and forwarding to the SC a PSI and a Security Classification Guide (SCG) for the Project within three months after MOU signature, and implementing them upon final approval.

4.6.12. Forwarding recommendations to the SC for the addition of new Participants in accordance with Section XIV (Participation of Additional Nations) of this MOU.

4.6.13. Monitoring export control arrangements required to implement this MOU and, if applicable, referring immediately to the SC any export control issues that could adversely affect the implementation of this MOU.

4.6.14. Providing an annual status report to the SC.

4.6.15. Appointing a Project security officer.

4.7. The DPM will assist and advise the PM in developing the PDC for SC approval in accordance with subparagraph 4.6.3. of this Section.

SECTION V

FINANCIAL PROVISIONS

5.1. The Participants estimate that the performance of the responsibilities under this MOU will not cost more than a Financial Cost Ceiling of 2.39 million (M) Fiscal Year 2008 U.S. dollars. The U.S. dollar will be the reference currency for the Project and the Project fiscal year will be the U.S. fiscal year. The Financial Cost Ceiling may be changed only upon the mutual written consent of the Participants.

5.2. Each Participant will contribute its equitable share of the full Financial Costs and Non-financial Costs of the Project, including overhead costs, administrative costs, and costs of claims, and will receive an equitable share of the results of the Project. Administrative costs include such costs as JPO costs of travel incurred in support of Project efforts, JPO training costs, Contract award, Contract administration, office space, security services, information technology services, communications services, and supplies.

5.3. The Participants' shares of the Financial Cost Ceiling are as follows:

5.3.1. The U.S. DoD share is 1.390M Fiscal Year 2008 U.S. dollars.

5.3.2. The U.K. MOD share is 1.000M Fiscal Year 2008 U.S. dollars.

5.4. The costs associated with the articles and services provided to a Participant and intended solely and exclusively for that Participant's use for its COBLU Systems will be paid by that Participant.

5.5. Participation in the Project will also include a Non-financial Cost contribution of personnel by each Participant to the JPO. The Non-financial Cost contribution of the U.S. DoD will be the PM. The Non-financial Cost contribution of the U.K. MOD will be the DPM.

5.6. In addition to the shared administrative costs described in paragraph 5.2. of this Section, the cost of personnel in the JPO will be borne as follows:

5.6.1. The Host Participant will bear the costs of all pay and allowances of the PM in the JPO.

5.6.2. The Parent Participant will bear the following Cooperative Project Personnel (CPP)-related costs:

5.6.2.1. All pay and allowances of CPP assigned to the JPO.

5.6.2.2. Transportation of CPP, CPP dependents, and their personal property to the JPO location prior to commencement of the CPP assignment in the JPO, and return transportation of the foregoing from the JPO location upon completion or termination of the CPP assignment.

5.6.2.3. Compensation for loss of, or damage to, the personal property of CPP or CPP dependents, subject to the laws and regulations of the Parent Participant's Government.

5.7. The following costs will be borne entirely by the Participant incurring the costs or on whose behalf the costs are incurred:

5.7.1. Costs associated with national representation at meetings by non-JPO members.

5.7.2. Costs associated with any unique national requirements identified by a Participant not included under paragraph 5.4. of this Section.

5.7.3. Any other costs not expressly stated as shared costs or any costs that are outside the scope of this MOU.

5.8. The PM will be responsible for establishing the detailed financial management procedures under which the Project will operate. These procedures, which must accord with the national accounting and audit requirements of the Participants, will be detailed in an FMPD prepared by the PM and subject to the approval of the SC. Each Participant will fund the Project in accordance with the estimated schedule of financial

contributions contained in the FMPD, which will be consistent with paragraph 5.9 of this Section.

5.9. The Participants recognize that it may become necessary for one Participant, in accordance with the approved PDC, to incur contractual or other obligations for the benefit of the other Participant or both of the Participants prior to receipt of the other Participant's funds. In the event that one Participant incurs such contractual or other obligations, the other Participant will pay its equitable share of the Contract or other obligation, and will make such funds available in such amounts and at such times as may be required by the Contract or other obligation and will pay its equitable share of any damages and costs that may accrue from the performance of or cancellation of the Contract or other obligation in advance of the time such payments, damages, or costs are due. The Participant managing the Contract, from initial Contract award throughout the period of performance of the Contract, will incur such obligations consistent with the PDC provided to the responsible Contracting Officer in accordance with Section IV (Management (Organization and Responsibility)) of this MOU, unless exceptional circumstances arise outside the control of the Participant managing the Contract. In the unlikely event such circumstances arise, the Participant managing the Contract will use its best efforts to consult with the other Participant prior to incurring obligations beyond those envisioned in the approved PDC.

5.10. A Participant will promptly notify the other Participant if available funds are not adequate to fulfill its responsibilities under this MOU. If a Participant notifies the other Participant that it is terminating or reducing its funding for this Project, both Participants will immediately consult with a view toward continuation on a modified basis.

5.11. The U.S. DoD will be responsible for the audit of the procurement activities for which it is responsible under the Project in accordance with its national practices. The U.S. DoD will be responsible for the internal audit regarding administration of the U.K. MOD's Project funds in accordance with its national practices. Audit reports of such funds will be made available promptly by the U.S. DoD to the U.K. MOD.

SECTION VI

CONTRACTING PROVISIONS

6.1. The U.S. DoD (acting through the DON) will be responsible for Contracting for this Project in accordance with U.S. Contracting laws, regulations, and procedures. The Contracting Officer is the exclusive source for providing contractual direction and instructions to Contractors.

6.2. The PM will be responsible for the coordinating with the responsible Contracting Officer in the development of PDC relating to the Project, and providing PDC approved by the SC to the Contracting Officer in accordance with Section IV (Management (Organization and Responsibility))of this MOU. The PM will cooperate, as requested, with the Contracting Officer in the areas of Contract procedures, Contract negotiation, evaluation of offers, Contract award, and Contract modifications. The PM will review statements of work prior to the development of solicitations to ensure that they are in accordance with this MOU. The Contracting Officer will keep the PM advised of all significant developments associated with award and performance of Project Contracts, and will keep the PM advised of all financial arrangements with the prime Contractor.

6.3. The Contracting Officer will negotiate to obtain the rights to use and disclose Project Information required by Section VIII (Disclosure and Use of Project Information)of this MOU. The Contracting Officer will insert into prospective Contracts (and require its Contractors to insert in subcontracts) provisions to satisfy the requirements of this MOU, including Section VIII (Disclosure and Use of Project Information), Section IX (Controlled Unclassified Information), Section XI (Security), Section XII (Third Party Sales and Transfers), and Section XVII (Amendment, Termination, Entry into Effect, and Duration), including the export control provisions in accordance with this MOU, in particular paragraphs 6.4. and 6.5. of this Section. During the Contracting process, the Contracting Officer will advise Prospective Contractors of their responsibility to notify immediately the Contracting Agency, before Contract award, if they are subject to any license or agreement that will restrict their freedom to disclose Information or permit its use. The Contracting Officer will also advise Prospective Contractors to employ their best efforts

not to enter into any new agreement or arrangement that will result in restrictions.

6.4. Each Participant will legally bind its Contractors to a requirement that the Contractor will not retransfer or otherwise use export-controlled Information furnished by the other Participant for any purpose other than the purposes authorized under this MOU. The Contractor will also be legally bound not to retransfer the export-controlled Information to another Contractor or subcontractor unless that Contractor or subcontractor has been legally bound to limit use of the Information to the purposes authorized under this MOU. Export-controlled Information furnished by one Participant under this MOU may only be retransferred by the other Participant to its Contractors if the legal arrangements required by this paragraph have been established.

6.5. Each Participant will legally bind its Prospective Contractors to a requirement that the Prospective Contractor will not retransfer or otherwise use export-controlled Information furnished by the other Participant for any purpose other than responding to a solicitation issued in furtherance of the purposes authorized under this MOU. Prospective Contractors will not be authorized use for any other purpose if they are not awarded a Contract. The Prospective Contractors will also be legally bound not to retransfer the export-controlled Information to a prospective subcontractor unless that prospective subcontractor has been legally bound to limit use of the export-controlled Information for the purpose of responding to the solicitation. Export-controlled Information furnished by one Participant under this MOU may only be retransferred by the other Participant to its Prospective Contractors if the legal arrangements required by this paragraph have been established. Upon request by the furnishing Participant, the receiving Participant will identify its Prospective Contractors and prospective subcontractors receiving such export-controlled Information.

6.6. In the event the Contracting Officer is unable to secure adequate rights to use and disclose Project Information as required by Section VIII (Disclosure and Use of Project Information)of this MOU, or is notified by Contractors or Prospective Contractors of any restrictions on the disclosure and use of Information, the matter will be referred to the SC for resolution.

6.7. The Contracting Officer will immediately advise the PM of any cost growth, schedule change, or performance problems under any Contract for which the Contracting Officer is responsible. The PM will promptly advise the DPM of the Information received from the Contracting Officer.

6.8. Upon mutual consent, consistent with Section II (Objectives)of this MOU, a Participant may Contract for the unique national requirements of the other Participant.

SECTION VII

PROJECT EQUIPMENT

7.1. Each Participant may provide Project Equipment identified as being necessary for executing the MOU to the other Participant. Project Equipment will remain the property of the providing Participant. A list of all Project Equipment provided by one Participant to the other Participant will be developed and maintained by the PM and approved by the SC.

7.2. The receiving Participant will maintain any such Project Equipment in good order, repair, and operable condition. Unless the providing Participant has authorized the Project Equipment to be expended or otherwise consumed without reimbursement to the providing Participant, the receiving Participant will return the Project Equipment to the providing Participant in as good condition as received, normal wear and tear excepted, or return the Project Equipment and pay the cost to restore it. If the Project Equipment is damaged beyond economical repair, the receiving Participant will return the Project Equipment to the providing Participant (unless otherwise specified in writing by the providing Participant) and pay the replacement value which will be computed pursuant to the providing Participant's national laws and regulations. If the Project Equipment is lost while in the custody of the receiving Participant, the receiving Participant will issue a certificate of loss to the providing Participant and pay the replacement value.

7.3. The providing Participant will deliver Project Equipment to the receiving Participant at a mutually determined location. Possession of the Project Equipment will pass from the providing Participant to the receiving Participant at the time of receipt of the Project Equipment. Any further transportation is the responsibility of the receiving Participant.

7.4. All Project Equipment that is transferred will be used by the receiving Participant only for the purposes of carrying out this MOU, unless otherwise consented to in writing by the providing Participant. In addition, in accordance with Section XII (Third Party Sales and Transfers) of this MOU, Project Equipment will not be re-transferred to a Third Party without the prior written consent of the providing Participant.

7.5. Project Equipment transferred to one Participant under this MOU will be returned to the providing Participant prior to the termination or expiration of this MOU.

7.6. Any Project Equipment which is jointly acquired on behalf of both Participants for use under this MOU will be disposed of during this Project or when the Project ceases, as determined by the SC.

7.7. Disposal of jointly acquired equipment may include a transfer of the interest of one Participant in such Project Equipment to the other Participant, or the sale of such equipment to a Third Party in accordance with Section XII (Third Party Sales and Transfers) of this MOU. The Participants will share the consideration from jointly acquired Project Equipment transferred or sold to a Third Party in the same ratio as costs are shared under this MOU.

SECTION VIII

DISCLOSURE AND USE OF PROJECT INFORMATION

8.1. General

8.1.1. Both Participants recognize that successful collaboration depends on the exchange of Information necessary for carrying out this Project. The Participants intend to acquire sufficient Project Information and rights to use such Information to enable the life cycle support of the COBLU System. The nature and amount of Project Information to be acquired will be consistent with the objectives stated in Section II (Objectives) and Section III (Scope of Work) of this MOU.

8.1.2. The following export control provisions will apply to the transfer of Project Information:

8.1.2.1. Transfer of Project Information will be consistent with furnishing Participant's applicable export control laws and regulations.

8.1.2.2. Unless otherwise restricted by duly authorized officials of the furnishing Participant at the time of transfer to the other Participant, all export-controlled Information furnished by one Participant to the other Participant may be retransferred to the other Participant's Contractors, subcontractors, Prospective Contractors, and prospective subcontractors, subject to the requirements of paragraphs 6.4. and 6.5. of Section VI (Contracting Provisions) of this MOU.

8.1.2.3. Export-controlled Information may be furnished by Contractors, subcontractors, Prospective Contractors, and prospective subcontractors of one Participant's nation to the Contractors, subcontractors, Prospective

Contractors, and prospective subcontractors of the other Participant's nation pursuant to this MOU, subject to the conditions established in licenses or other approvals issued by the Government of the former Participant in accordance with its applicable export control laws and regulations.

8.1.2.4. If a Participant finds it necessary to exercise a restriction on the retransfer of export-controlled Information as set out in subparagraph 8.1.2.2. of this Section, it will promptly inform the other Participant. If a restriction is then exercised and the affected Participant objects, that Participant's SC representative will promptly notify the other Participant's SC representative and they will immediately consult in order to discuss ways to resolve such issues or mitigate any adverse effects.

8.1.3. Notwithstanding any other provision in this section, disclosure of software and algorithms for the COBLU System will only be in accordance with the Participants' respective national disclosure policies.

8.2. Government Project Foreground Information.

8.2.1. Disclosure: All Project Foreground Information generated by a Participant's military or civilian employees (hereinafter referred to as "Government Project Foreground Information") will be disclosed promptly and without charge to the Participants.

8.2.2. Use: Each Participant may use or have used all Government Project Foreground Information without charge for Defense Purposes. The Participant generating Government Project Foreground Information will also retain all its rights of use thereto. Any sale or other transfer to a Third Party will be subject to the provisions of

Section XII (Third Party Sales and Transfers) of this MOU.

8.3. Government Project Background Information

8.3.1. Disclosure: Each Participant, upon request, will disclose promptly and without charge to the other Participant any relevant Government Project Background Information generated by its military or civilian employees, provided that:

8.3.1.1. Such Government Project Background Information is necessary to or useful in the Project, with the Participant in possession of the Information determining, after consulting with the requesting Participant, whether it is "necessary to" or "useful in" the Project.

8.3.1.2. Such Government Project Background Information may be made available only if the rights of holders of Intellectual Property rights are not infringed.

8.3.1.3. Disclosure of such Government Project Background Information is consistent with national disclosure policies and regulations of the furnishing Participant.

8.3.1.4. Any disclosure or transfer of such Government Project Background Information to Contractors is consistent with the furnishing Participant's export control laws and regulations.

8.3.2. Use: Government Project Background Information furnished by one Participant to the requesting Participant may be used without charge by or for the requesting Participant for Project purposes. However, subject to Intellectual Property rights held by entities other than the Participants, such Government Project Background Information may be used for Defense Purposes by the

requesting Participant, without charge, when such Information is necessary for the use of Project Foreground Information. The furnishing Participant, in consultation with the other Participant, will determine whether the Government Project Background Information is necessary for the use of Project Foreground Information. The furnishing Participant will retain all its rights with respect to such Government Project Background Information.

8.4. Contractor Project Foreground Information

8.4.1. Disclosure: Project Foreground Information generated and delivered by Contractors (hereinafter referred to as "Contractor Project Foreground Information") will be disclosed promptly and without charge to both Participants.

8.4.2. Use: Each Participant may use or have used without charge for Defense Purposes all Contractor Project Foreground Information generated and delivered by Contractors of the Participants. The Participant whose Contractors generate and deliver Contractor Project Foreground Information will also retain all its rights of use thereto in accordance with the applicable Contracts. Any sale or other transfer to a Third Party of Contractor Project Foreground Information will be subject to the provisions of Section XII (Third Party Sales and Transfers) of this MOU.

8.5. Contractor Project Background Information

8.5.1. Disclosure: A Contracting Participant will make available to the other Participant promptly and without charge all Contractor Project Background Information generated by Contractors that is delivered under Contracts awarded in accordance with this MOU. Any other Project Background Information that is generated by Contractors and that is in the possession of one Participant will be made available promptly and without charge to the other Participant, upon its request, provided the following conditions are met:

8.5.1.1. Such Contractor Project Background Information is necessary to or useful in the Project, with the Participant in possession of the Information determining, after consultation with the requesting Participant, whether it is "necessary to" or "useful in" the Project.

8.5.1.2. Such Contractor Project Background Information may be made available only if the rights of holders of Intellectual Property rights are not infringed.

8.5.1.3. Disclosure of such Contractor Project Background Information is consistent with national disclosure policies and regulations of the furnishing Participant.

8.5.1.4. Any disclosure or transfer of such Contractor Project Background Information to Contractors is consistent with the furnishing Participant's export control laws and regulations.

8.5.2. Use: All Contractor Project Background Information delivered by Contractors under Contracts awarded in accordance with this MOU may be used by or for the receiving Participant, without charge, for Defense Purposes, subject to any restrictions by holders of Intellectual Property rights other than the Participants. Any other Contractor Project Background Information furnished by one Participant's Contractors and disclosed to a requesting Participant may be used without charge by the requesting Participant for Project purposes, subject to any restrictions by holders of Intellectual Property rights other than the Participants; also, when necessary for the use of Project Foreground Information, such other Contractor Project Background Information may be used by the requesting Participant for Defense Purposes, subject to such fair and reasonable terms as may be necessary to be

arranged with the Contractor. The furnishing Participant, in consultation with the requesting Participant, will determine whether such other Contractor Project Background Information is necessary for the use of Project Foreground Information. The furnishing Participant will retain all its rights with respect to Contractor Project Background Information.

8.6. Alternative Uses of Project Information

8.6.1. Any Project Background Information provided by one Participant will be used by the other Participant only for the purposes set forth in this MOU, unless otherwise consented to in writing by the providing Participant.

8.6.2. The prior written consent of each Participant will be required for the use of Project Foreground Information for purposes other than those provided for in this MOU.

8.7. Proprietary Project Information

8.7.1. All Project Information that is subject to disclosure and use restrictions with respect to Intellectual Property rights will be identified and marked, and it will be handled as Controlled Unclassified Information or as Classified Information, depending on its security classification.

8.7.2. The provisions of the NATO Agreement on the Communication of Technical Information for Defence Purposes, done at Brussels on October 19, 1970, and the Implementing Procedures for the NATO Agreement on the Communication of Technical Information for Defence Purposes, approved by the North Atlantic Council on January 1, 1971 (or any successor agreement and procedures) will apply to Project Information that is subject to Intellectual Property rights.

8.8. Patents

8.8.1. Each Participant will include in all its Contracts for the Project a provision governing the disposition of rights in regard to Project

Inventions and Patent rights relating thereto that either:

8.8.1.1. Provides that the Participant will hold title to all such Project Inventions together with the right to make Patent applications for the same, free of encumbrance from the Contractor concerned; or

8.8.1.2. Provides that the Contractor will hold title (or may elect to retain title) for such Project Inventions together with the right to make Patent applications for the same, while securing for the Participants a license for the Project Inventions, and any Patents thereto, on terms in compliance with the provisions of subparagraph 8.8.2. of this Section.

8.8.2. In the event that a Contractor owns title (or elects to retain title) to any Project Invention, the Contracting Participant will secure for the other Participant non-exclusive, irrevocable, royalty-free licenses under all Patents secured for that invention, to practice or have practiced the patented Project Invention throughout the world for Defense Purposes.

8.8.3. The provisions of subparagraphs 8.8.4. through 8.8.7. below will apply in regard to Patent rights for all Project Inventions made by the Participants' military or civilian employees, including those within Government-owned facilities, and for all Project Inventions made by Contractors for which the Contracting Participant holds title or is entitled to acquire title.

8.8.4. When a Participant has or can secure the right to file a Patent application with regard to a Project Invention, that Participant will consult with the other Participant regarding the filing of such Patent application. The Participant that has or receives title to such Project Invention will, in other countries, file, cause to be

filed, or provide the other Participant with the opportunity to file on behalf of the Participant holding title, Patent applications covering that Project Invention. A Participant will immediately notify the other Participant that a Patent application has been filed. If a Participant, having filed or caused to be filed a Patent application, abandons prosecution of the application or ceases maintaining the Patent granted or issued on the application, that Participant will notify the other Participant of that decision and permit the other Participant to continue the prosecution or maintain the Patent as the case may be.

8.8.5. Each Participant will be furnished with copies of Patent applications filed and Patents granted with regard to Project Inventions.

8.8.6. Each Participant will grant to the other Participant a non-exclusive, irrevocable, royalty-free license under its Patents for Project Inventions, to practice or have practiced the Project Invention throughout the world for Defense Purposes.

8.8.7. Patent applications to be filed, or assertions of other Intellectual Property rights, under this MOU that contain Classified Information will be protected and safeguarded in a manner no less stringent than the requirements contained in the NATO Agreement for the Mutual Safeguarding of Secrecy of Inventions Relating to Defence and for Which Applications for Patents Have Been Made, done in Paris on September 21, 1960, and its Implementing Procedures (or any successor agreement and procedures).

8.9. Each Participant will notify the other Participant of any Intellectual Property infringement claims brought against that Participant arising in the course of work performed under the Project on behalf of the other Participant. Insofar as possible, the other applicable Participant will provide Information available to it that may assist in defending such claims. Each Participant will be responsible for handling such Intellectual Property infringement claims brought against it, and will consult with the other

Participant during the handling, and prior to any settlement, of such claims. The Participants will share the costs of resolving such Intellectual Property infringement claims in proportion to their financial contributions for that work specified in Section V (Financial Provisions) of this MOU.

8.10. The Participants will, as permitted by their national laws, regulations, and practices, give their authorization and consent for all use and manufacture in the course of work performed under the Project of any invention covered by Patent, or as determined to be necessary for work under the Project, authorization and consent for non-commercial copyright, granted or otherwise provided by their respective countries.

SECTION IX

CONTROLLED UNCLASSIFIED INFORMATION

9.1. Except as otherwise provided in this MOU or as authorized in writing by the originating Participant, Controlled Unclassified Information provided or generated pursuant to this MOU will be controlled as follows:

9.1.1. Such Information will be used only for the purposes authorized for use of Project Information as specified in Section VIII (Disclosure and Use of Project Information) of this MOU.

9.1.2. Access to such Information will be limited to personnel whose access is necessary for the permitted use under subparagraph 9.1.1. of this Section, and will be subject to the provisions of Section XII (Third Party Sales and Transfers) of this MOU.

9.1.3. Each Participant will take all lawful steps, which may include national classification, available to it to keep such Information free from further disclosure (including requests under any legislative provisions), except as provided in subparagraph 9.1.2. of this Section, unless the originating Participant consents to such disclosure. In the event of unauthorized disclosure, or if it becomes probable that the Information may have to be further disclosed under any legislative provision, immediate notification will be given to the originating Participant.

9.2. To assist in providing the appropriate controls, the originating Participant will ensure that Controlled Unclassified Information is appropriately marked to ensure its "in confidence" nature. The Participants' export-controlled Information will be marked in accordance with the applicable Participant's export control markings as documented in the SCG. The Participants will also decide, in advance and in writing, on the markings to be placed on any other types of Controlled Unclassified Information and describe such markings in the PSI.

9.3. Controlled Unclassified Information provided or generated pursuant to this MCU will be handled in a manner that ensures control as provided for in paragraph 9.1. of this Section.

9.4. Prior to authorizing the release of Controlled Unclassified Information to Contractors, the Participants will ensure the Contractors are legally bound to control such Information in accordance with the provisions of this Section.

SECTION X

VISITS TO ESTABLISHMENTS

10.1. Each Participant will permit visits to its Government establishments, agencies and laboratories, and Contractor industrial facilities by employees of the other Participant or by employees of the other Participant's Contractors, provided that the visit is authorized by both Participants and the employees have any necessary and appropriate security clearances and a need-to-know.

10.2. All visiting personnel will be required to comply with security regulations of the hosting Participant. Any Information disclosed or made available to visitors will be treated as if supplied to the Participant sponsoring the visiting personnel, and will be subject to the provisions of this MOU.

10.3. Requests for visits by personnel of one Participant to a facility of the other Participant will be coordinated through official channels, and will conform with the established visit procedures of the hosting Participant. Requests for visits will bear the name of the Project.

10.4. Lists of personnel of each Participant required to visit, on a continuing basis, facilities of the other Participant will be submitted through official channels in accordance with recurring international visit procedures.

SECTION XI

SECURITY

11.1. All Classified Information provided or generated pursuant to this MOU will be stored, handled, transmitted, and safeguarded in accordance with the General Security Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America, dated April 14, 1961, as amended, including the Security Implementing Arrangement of January 27, 2003.

11.2. Classified Information will be transferred only through official government-to-government channels or through channels approved by the Designated Security Authorities (DSAs) of the Participants. Such Classified Information will bear the level of classification and denote the country of origin, the provisions of release, and the fact that the Information relates to this MOU.

11.3. Each Participant will take all lawful steps available to it to ensure that Classified Information provided or generated pursuant to this MOU is protected from further disclosure, except as permitted by paragraph 11.8. of this Section, unless the other Participant consents to such disclosure. Accordingly, each Participant will ensure that the recipient:

11.3.1. Will not release the Classified Information to any Government, national, organization, or other entity of a Third Party except as permitted under the procedures detailed in Section XII (Third Party Sales and Transfers) of this MOU:

11.3.2. Will not use the Classified Information for other than the purposes provided for in this MOU.

11.3.3. Will comply with any distribution and access restrictions on Classified Information that is provided under this MOU.

11.4. The Participants will investigate all cases in which it is known or when there are grounds for suspecting that Classified Information provided or generated pursuant to this MOU has been lost or disclosed to unauthorized persons. Each Participant also will promptly and fully inform the other Participant of the details of any such occurrences, and of the final results of the

investigation and of the corrective action taken to preclude recurrences.

11.5. The PM will prepare a PSI and an SCG for the Project. The PSI and the SCG will describe the methods by which Project Information will be classified, marked, used, transmitted, and safeguarded and will require that markings for all export-controlled Classified Information will include the applicable export control markings identified in the PSI in accordance with paragraph 9.2. of Section IX (Controlled Unclassified Information) of this MOU. The PSI and CG will be developed by the PM within three months after this MOU enters into effect. They will be reviewed and forwarded to the Participants' DSAs for approval and will be applicable to all Government and Contractor personnel participating in the Project. The CG will be subject to regular review and revision with the aim of downgrading the classification whenever this is appropriate. The PSI and the CG will be approved by the appropriate DSA prior to the transfer of any Classified Information or Controlled Unclassified Information.

11.6. The DSA of the Participant that awards a classified Contract will assume responsibility for administering within its territory security measures for the protection of the Classified Information, in accordance with its laws and regulations. Prior to the release to a Contractor, Prospective Contractor, or subcontractor of any Classified Information received under this MOU, the DSAs or their designees will:

11.6.1. Ensure that such Contractor, Prospective Contractor, or subcontractor and their facilities have the capability to protect the Classified Information adequately.

11.6.2. Grant a security clearance to the facilities, if appropriate.

11.6.3. Grant a security clearance for all personnel with duties that require access to Classified Information, if appropriate.

11.6.4. Ensure that all persons having access to the Classified Information are informed of their responsibilities to protect the Classified Information in accordance with national security laws and regulations and provisions of this MOU.

11.6.5. Carry out periodic security inspections of cleared facilities to ensure that the Classified Information is properly protected.

11.6.6. Ensure that access to the Classified Information is limited to those persons who have a need-to-know for purposes of the MOU.

11.7. Contractors, Prospective Contractors, or subcontractors, that are determined by DSAs to be under financial, administrative, policy, or management control of nationals or entities of a Third Party, may participate in a Contract or subcontract requiring access to Classified Information provided or generated pursuant to this MOU only when enforceable measures are in effect to ensure that nationals or other entities of a Third Party will not have access to Classified Information. If enforceable measures are not in effect to preclude access by nationals or other entities of a Third Party, the other Participant will be consulted for approval prior to permitting such access.

11.8. For any facility wherein Classified Information is to be used, the responsible Participant or Contractor will approve the appointment of a person or persons to exercise effectively the responsibilities for safeguarding at such facility the Information pertaining to this MOU. These officials will be responsible for limiting access to Classified Information involved in this MOU to those persons who have been properly approved for access and have a need-to-know.

11.9. Each Participant will ensure that access to the Classified Information is limited to those persons who possess requisite security clearances and have a specific need for access to the Classified Information in order to participate in the Project.

11.10. Information provided or generated pursuant to this MOU may be classified as high as TOP SECRET Sensitive Compartmented Information. The existence of this MOU is unclassified and the contents are unclassified.

SECTION XII

THIRD PARTY SALES AND TRANSFERS

12.1. The U.S. DoD will not sell, transfer title to, disclose, or transfer possession of Project Foreground Information, jointly acquired Project Equipment, or any item produced either wholly or in part from Project Foreground Information to any Third Party without prior consultation with the U.K. MOD and, in the case of classified Project Foreground Information for which the U.K. MOD is the originating Participant, without the prior written consent of the U.K. MOD. Furthermore, the U.S. DoD will not permit any such sale, disclosure, or transfer, including by the owner of the item, without prior consultation with the U.K. MOD. The U.S. DoD recognizes the importance to the U.K. MOD that U.S. DoD decisions on such potential sales, disclosures, and transfers take into account the views on security matters held by the U.K. MOD. The U.S. DoD recognizes that sales, disclosures, or other transfers described in this paragraph will only be made if the government of the intended recipient consents in writing that it will:

12.1.1. Not retransfer, or permit the further retransfer of, any equipment or Information provided.

12.1.2. Use, or permit the use of, the equipment or Information provided only for the purposes for which such equipment or Information is furnished.

12.2. The U.K. MOD will not sell, transfer title to, disclose, or transfer possession of Project Foreground Information, jointly acquired Project Equipment, or any item produced either wholly or in part from Project Foreground Information to any Third Party without the prior written consent of the U.S. Government. Furthermore, the U.K. MOD will not permit any such sale, disclosure, or transfer by others, including the owner of the item, without the prior written consent of the U.S. Government. The U.K. MOD recognizes that such sales, disclosures, or other transfers will not be authorized by the U.S. Government unless the government of the intended recipient confirms in writing with the U.S. Government that it will:

12.2.1. Not retransfer, or permit the further retransfer of, any equipment or Information provided.

12.2.2. Use, or permit the use of, the equipment or Information provided only for the purposes for which such equipment or Information is furnished.

12.3. A Participant will not sell, transfer title to, disclose, or transfer possession of Project Background Information or Project Equipment provided by the other Participant to any Third Party without the prior written consent of the Government of the Participant that provided such equipment or Information. The providing Participant's Government will be solely responsible for authorizing such transfers and, as applicable, specifying the method and provisions for implementing such transfers.

SECTION XIII

LIABILITY AND CLAIMS

13.1. Claims arising under this MOU will be dealt with under paragraph 1 of the Agreement Concerning Defense Cooperation Arrangements of May 27, 1993 between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland as amended by the Exchange of Notes between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland of June 1, 2007. The cost of claims addressed in paragraph 1(b)(ii) of that Agreement will be shared in the same ratios as the Participants' financial contributions specified in this MOU.

SECTION XIV

PARTICIPATION OF ADDITIONAL NATIONS

14.1. It is recognized that other national defense organizations may wish to join the Project.

14.2. The mutual consent of the Participants will be required to conduct discussions with potential additional Participants. The Participants will discuss the arrangements under which another Participant might join, including the furnishing of releasable Project Information for evaluation prior to joining. If the disclosure of Project Information is necessary to conduct discussions, such disclosure will be in accordance with Section VIII (Disclosure and Use of Project Information), Section IX (Controlled Unclassified Information), and Section XII (Third Party Sales and Transfers) of this MOU.

14.3. The Participants will jointly formulate the provisions under which additional Participants might join. The addition of new Participants to the Project will require amendment of this MOU by the Participants.

SECTION XV

CUSTOMS DUTIES, TAXES, AND SIMILAR CHARGES

15.1. Customs duties, import and export taxes, and similar charges will be administered in accordance with each Participant's respective laws and regulations. Insofar as existing national laws and regulations permit, the Participants will endeavor to ensure that such readily identifiable customs duties, import and export taxes, and similar charges, as well as quantitative or other restrictions on imports and exports, are not imposed in connection with work carried out under this Project.

15.2. Each Participant will use its best efforts to ensure that customs duties, import and export taxes, and similar charges are administered in a manner favorable to the efficient and economical conduct of the work of this Project. If any such customs duties, import and export taxes, or similar charges are levied, the Participant in whose country they are levied will bear such costs over and above that Participant's shared costs of the Project.

SECTION XVI

SETTLEMENT OF DISPUTES

16.1. Disputes between the Participants arising under or relating to this MOU will be resolved only by consultation between the Participants and will not be referred to a national court, an international tribunal, or to any other person or entity for settlement.

SECTION XVII

AMENDMENT, TERMINATION, ENTRY INTO EFFECT, AND DURATION

17.1. All activities of the Participants under this MOU will be carried out in accordance with their respective national laws and regulations, including their respective export control laws and regulations. The responsibilities of the Participants will be subject to the availability of funds for such purposes.

17.2. No requirement will be imposed by a Participant for worksharing or other industrial or commercial compensation in connection with this MOU that is not in accordance with this MOU.

17.3. In the event of a conflict between a Section of this MOU and any Annex to this MOU, the Section of the MOU will control.

17.4. Except as otherwise provided, this MOU may be amended by the mutual written consent of the Participants.

17.5. This MOU may be terminated at any time upon the written consent of the Participants. In the event both Participants consent to terminate this MOU, the Participants will consult prior to the date of termination to ensure termination in the most economical and equitable manner.

17.6. Either Participant may terminate this MOU upon one hundred eighty (180) days written notification to the other Participant of its intent to terminate. Such notice will be the subject of immediate consultation by the SC to decide upon the appropriate course of action to conclude the activities under this MOU. In the event of such termination, the following rules apply:

17.6.1. The Participant terminating this MOU will continue participation, financial or otherwise, up to the effective date of termination.

17.6.2. Except as to Contracts awarded on behalf of both Participants, each Participant will be responsible for its own Project-related costs associated with termination of the Project. For Contracts awarded on behalf of both Participants, the Participant terminating this MOU will pay all Contract modification or termination costs that would not otherwise have been incurred but for

the decision to terminate; in no event, however, will a terminating Participant's total financial contribution, including Contract termination costs, exceed that Participant's total share of the Financial Cost Ceiling for financial contributions as established in Section V (Financial Provisions) of this MOU.

17.6.3. All Project Information and rights therein received under the provisions of this MOU prior to the termination of this MOU will be retained by the Participants, subject to the provisions of this MOU.

17.6.4. If requested by the other Participant, the terminating Participant may continue to administer the Project Contract(s) that it awarded on behalf of the other Participant on a reimbursable basis.

17.7. The respective benefits and responsibilities of the Participants regarding Section VII (Project Equipment), Section VIII (Disclosure and Use of Project Information), Section IX (Controlled Unclassified Information), Section XI (Security), Section XII (Third Party Sales and Transfers), Section XIII (Liability and Claims), Section XVI (Settlement of Disputes), and this Section XVII (Amendment, Termination, Entry into Effect, and Duration) will continue to apply notwithstanding termination or expiration of this MOU.

17.8. This MOU, which consists of seventeen (17) Sections, and one (1) Annex, will enter into effect upon signature by both Participants and will remain in effect for five years. It may be extended by written concurrence of the Participants.

The foregoing represents the understandings reached between the Department of Defense of the United States of America and the Secretary of State for Defence of the United Kingdom of Great Britain and Northern Ireland.

Signed, in duplicate, by authorized representatives of the Participants.

FOR THE DEPARTMENT OF DEFENSE OF THE UNITED STATES OF AMERICA	FOR THE SECRETARY OF STATE FOR DEFENCE OF THE UNITED KINGDOM AND NORTHERN IRELAND
Signature	Signature
RDML NEVIN P. CARR, JR.	VICTOR JENKINS
Name	Name
Deputy Assistant Secretary of the Navy (International Programs)	Director General, ISTAR
Title	Title
JUN 2 5 2008	16 July 2008
Date	Date
Arlington, VA	Bristol, U.K.
Location	Location

ANNEX A

COOPERATIVE PROJECT PERSONNEL

1.0. Purpose and Scope

1.1. This Annex establishes the provisions that will govern the conduct of Cooperative Project Personnel (CPP). The Parent Participant will assign military members or civilian employees to the JPO in accordance with Section IV (Management (Organization and Responsibility)) of this MOU and this Annex. CPP must be able to perform all the responsibilities assigned to them under this MOU. Commencement of assignments will be subject to any requirements that may be imposed by the Host Participant or its Government regarding acceptance of CPP, such as, but not limited to, visas and visit request documentation. The SC will determine the length of tour for the positions at the time of initial assignment.

1.2. CPP will be assigned to the JPO for Project work and will report to their designated JPO supervisor regarding that work. The PM will be responsible for the creation of a document describing the duties of each CPP position, which will be subject to approval by the SC. CPP will not act as liaison officers on behalf of the Parent Participant. CPP may act from time to time on behalf of their respective SC member if the latter so authorizes in writing.

1.3. CPP will not be assigned to command or other positions that would require them to exercise responsibilities that are reserved by law or regulation to an officer or employee of the Host Participant's Government.

2.0. Security

2.1. The SC will establish the maximum level of security clearance required, if any, to permit CPP to have access to Classified Information and facilities in which Classified Information is used in accordance with the PSI and SCG. Access to Classified

Information and facilities in which Classified Information is used will be consistent with, and limited by, Section II (Objectives) and Section III (Scope of Work) of this MOU and will be kept to the minimum required to accomplish the work assignments.

2.2. The Parent Participant will file visit requests for the CPP through prescribed channels in compliance with the Host Participant's procedures. As part of the visit request procedures, the Parent Participant will provide security assurances, through the U.K. Embassy in Washington, D.C. and specify the security clearances for the CPP being assigned.

2.3. The Host Participant and Parent Participant will use their best efforts to ensure that CPP assigned to the JPO are aware of, and comply with, applicable laws and regulations as well as the requirements of Section IX (Controlled Unclassified Information), Section X (Visits to Establishments), Section XI (Security), and paragraph 17.7. of Section XVII (Amendment, Termination, Entry into Effect, and Duration) of this MOU and the provisions of the PSI and SCG. Prior to commencing assigned duties, CPP will, if required by the Host Participant Government's laws, regulations, policies, or procedures, sign a certification concerning the conditions and responsibilities of CPP.

2.4. CPP will at all times be required to comply with the security and export control laws, regulations, and procedures of the Host Participant's Government. Any violation of security procedures by CPP during their assignment will be reported to the Parent Participant for appropriate action. CPP committing significant violations of security and export control laws, regulations, or procedures during their assignments will be withdrawn from the Project with a view toward appropriate administrative or disciplinary action by their Parent Participant.

2.5. All Classified Information made available to CPP will be considered as Classified Information furnished to the Parent Participant, and will be subject to all provisions and safeguards provided for in Section XI (Security) of this MOU.

2.6. CPP will not have personal custody of Classified Information or Controlled Unclassified Information unless approved by the Host Participant and as authorized by the Parent Participant. They will be granted access to such Information in accordance with Section IX (Controlled Unclassified Information) and Section XI (Security) of this MOU during normal duty hours at the JPO and when access is necessary to perform Project work.

2.7. CPP assigned to the JPO will not serve as a conduit between the Host Participant and Parent Participant for requests and/or transmission of Classified Information or Controlled Unclassified Information unless specifically authorized by the Participants.

3.0. Technical and Administrative Matters

3.1. The tax treatment of income received by CPP from the Parent Participant will be determined by reference to the tax legislation of the Government of the Host Participant and the Government of the Parent Participant, subject to the terms of any double taxation agreement in force between the Government of the Host Participant and the Government of the Parent Participant, or by the terms of the NATO Status of Forces Agreement.

3.2. On arrival, CPP will be provided briefings arranged by the JPO about applicable laws, orders, regulations, and customs and the need to comply with them. CPP will also be provided briefings arranged by JPO regarding entitlements, privileges, and obligations such as:

3.2.1. Any medical and dental care that may be provided to CPP and their dependents at Host Participant medical facilities, subject to the requirements of applicable laws and regulations, including reimbursement requirements.

3.2.2. Purchasing and patronage privileges at military commissaries, exchanges, theaters, and clubs for CPP and their dependents, subject to the requirements of applicable laws and regulations.

3.2.3. Responsibility of CPP and their accompanying dependents to obtain motor vehicle liability insurance coverage in accordance with the laws and regulations applicable in the area where they are residing. In case of claims involving the use of private motor vehicles by CPP, the recourse will be against such insurance.

3.3. The PM, through the JPO, will, in consultation with the CPP, establish standard operating procedures for CPP in the following areas:

3.3.1. Working hours, including holiday schedules.

3.3.2. Leave authorization, consistent to the extent possible with the military and civilian personnel regulations and practices of the Host Participant and Parent Participant.

3.3.3. Dress regulations, consistent to the extent possible with the military and civilian personnel regulations and practices of the Host Participant and Parent Participant.

3.3.4. Performance evaluations, recognizing that such evaluations will be rendered in accordance with the Parent Participant's military or civilian personnel regulations and practices.

3.4. CPP committing an offense under the laws of the Government of the Host Participant or Parent Participant may be withdrawn from this Project with a view toward further administrative or disciplinary action by the Parent Participant. Disciplinary action, however, will not be taken by the Host Participant against CPP, nor will the CPP exercise disciplinary powers over the Host Participant's personnel. In accordance with the laws and regulations of the Host Participant's Government, the Host Participant will assist the Parent Participant in carrying out investigations of offenses involving CPP.

3.5. The provisions of the NATO Status of Forces Agreement regarding the rights of a sending state's military personnel and civilian employees and their respective dependents will apply to CPP.